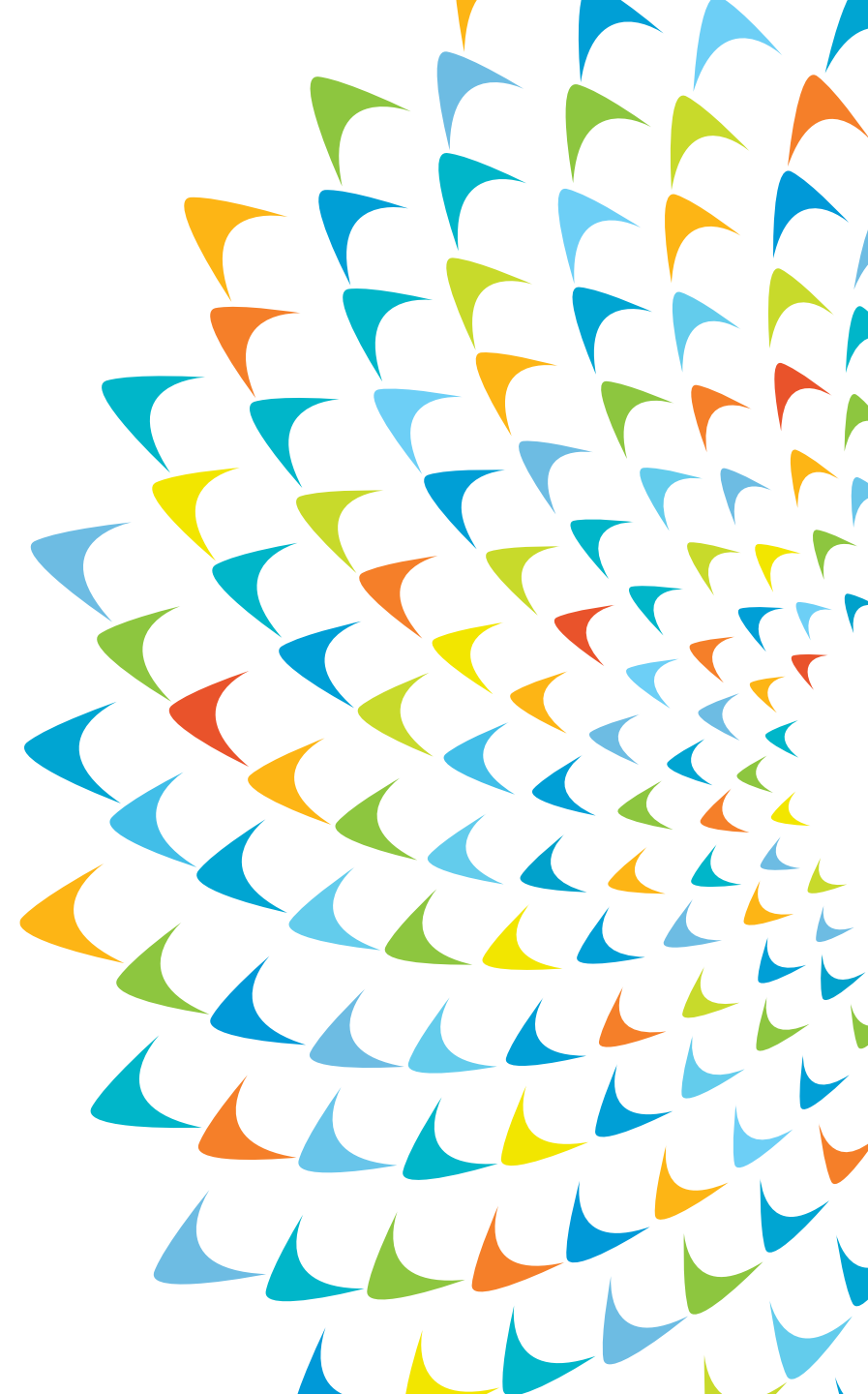




ENHANCE AND ACCELERATE THE IMPLEMENTATION OF THE AEO PROGRAM IN CENTRAL ASIA

Workshop on AEO Program – Session 3: Country Experiences on AEO Program’s Self-Assessment Questionnaire and On-Site Validation

October 31 – 2 November 2023





AEO General Prerequisites – SAFE Framework

WCO SAFE Framework

- Demonstrated Compliance with Customs Requirements
- Satisfactory System for Management of Commercial Records
- Financial Viability
- Consultation, Co-operation and Communication with Customs
- Staff Education, Training and Awareness
- Information Exchange, Access (by Customs) and Confidentiality (from Customs)
- Crisis Management and Incident Recovery Contingency Planning
- Commitment to Monitoring & Reporting



Status of the AEO Program



In December 2019, the AEO Program was launched and has three levels; level 1 is already in place with at least 20 trusted members (importers and exporters); level 2 will soon be implemented, and the criteria for level 3 is yet to be determined.



Applicants must have valid Client Profile Registration System (CPRS) unique reference number to be qualified as an AEO member, renewed annually, and a stakeholder may have more than 1 CPRS registration



In qualifying for AEO accreditation, at a minimum, the applicant must be in operation for at least one year and none of the officers and directors of the applicant must have been found to have violated customs laws and procedures and/or found criminally liable for violation of any Philippine law within three years from the date of the application.



The prospective applicant must have a dedicated office or responsible officer whose main function is to ensure compliance with the AEO program as an accredited member



Governance of the AEO Program

Accreditation Unit

- Accept, process, review and recommend for approval the application
- Validate information with other government institutions provided in the application through cross referencing with available data, site visit, process walk through and personal interview of designated competent representative
- Evaluate the level of risk to cargo security and customs compliance operations

Post Validation Unit

- Check and ensure that all critical information, such as ownership and business profile, import of export process flow and list of importable items are promptly updated
- Identify violations and recommend corrective or punitive action as the evidence may warrant, such as suspension or revocation or accreditation
- Conduct on-site visits to the premises of the AEO entity to ensure continuous compliance with the standards laid down by legislation

Mutual Recognition Statistical and Records Unit

- Monitor the individual performance of each AEO accredited entity and the overall performance of the AEO program
- Initiate study, recommend strategy and negotiate Mutual Recognition Arrangements (MRAs) with trading partners

Essential Legal Orders

Essential Legal Orders

- CAO 1-2012 dated 26 June 2012 establishing an AEO program to implement the WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework)
- CMO 11-2012 dated 04 October 2012 establishing the AEO rules and regulations in helping economic operators adopt control measures based on mutual respect;
- CAO 5-2017 dated 18 August 2017 establishing the AEO program by providing the facility, mechanism, process, and benefits necessary for its full implementation;
- CMO 9-2020 dated 16 March 2020 implementing the pilot AEO program for importers and exporters, and operationalizing the interim AEO Office;
- CSO 33-2020 dated 06 March 2020 creating the Interim AEO office; and
- CMO 26-2021 dated 10 August 2021 implementing the AEO online portal system



Self- Assessment Questionnaire

General Information

- Company name, business type, business ID, customs client no. (CPRS)
- Focal person, designation, contact information, company address and email
- For multiple locations, list all locations and their addresses (offices, manufacturing plants and warehouses that are part of the supply chain.
- Locations and addresses of business partners

General Criteria

- Business ownership, structure and organization
- Principal businesses (e.g., manufacturer, importer, exporter, freight forwarder)
- Senior Management Personnel for areas relevant to application
- Business profile, projected business activity and internal Customs compliance control
- End-to-end import or export process and local distribution systems, if any.
- Entities involved in foreign supply and list of goods imported or exported including the specific description of tariff terms, preferential rates and volume

Security Criteria

- Cargo handling and safekeeping, documentation processing and verification
- Receipt and release of cargo and procedural documentation
- Inspection of cargo conveyance, container seals, storage of conveyances
- Containers and cargo



Self- Assessment Questionnaire

Record keeping and IT system

- Accounting and logistical system
- Information technology
- Documentation security
- Information security procedures
- Accountability, data back-ups and recovery plans

Supply and Trading Partner

- List of business partners and its selection process
- Security requirements for business partners
- Security certification
- Review of business partner's compliance to security requirements
- Storage facilities and external services

Physical Premises and Access Control

- Perimeter fencing, gates and gate houses, parking and building structure
- Locking devices and key controls
- Lighting, alarm system and video surveillance cameras
- Security personnel and access controls for employees
- Access controls for visitors and vendors / contractors
- Challenging and removing unauthorized persons and personnel complement



Self- Assessment Questionnaire

Personnel Complement

- Pre-employment verification and background checks
- Periodic background checks / reinvestigations for current personnel
- Resignation and Termination of Personnel
- Temporary personnel security standards

Security Training, Threat Awareness & Outreach

- Education, training and awareness
- Crisis management and incident recovery

Conveyance Security

- Inspection of conveyance, confidentiality of load, route and destination
- Policy on keys, parking area, refueling and unscheduled stops
- Reporting for accident or emergency
- Reporting in any irregularity in loading, locking and sealing
- Testing of security alarms and tracking devices, if any



Undertaking

Undertaking

- None of the executive officers and directors directly engaged in customs procedures have not been found to have violated customs laws within 3 years from date of application
- To provide a dedicated office or responsible officer to ensure compliance with the AEO program as an accredited member
- Full disclosure at all time of information as required by Customs. Information, particularly those bearing on trade or business advantage, provided by the applicant.
- AEO import clearance operations shall be deemed confidential and shall not be disclosed to anyone without written consent.



On-site Validation

On-Site Validation

- It may be **organized using a team of Customs validators led by a manager.**
- Validators are responsible for executing the validation in the most effective way.
- **Correctly applying the appropriate validation procedures and techniques and ensuring that established criteria are complied with.**



Validation step-by-step process

1. Prepare for validation: **collect, analyze information and assess related risks**, prepare validation plan
2. Coordinate **meeting agenda**
3. **Understand the business processes** of the applicant
4. **Carry out site visits** to verify the economic operator's compliance with the AEO criteria
5. Perform **specialist evaluation process as required** (safety and security, audit services, intelligence and enforcement experts)
6. **Obtaining and verifying any supporting documentation**
7. **Establishing, recording, observing, evaluating and testing** the applicant's procedures
8. Use the respective validation report templates
9. Completing a report covering the checks carried out and the **conclusions drawn**
10. **Recommending whether the authorization should be granted or refused**
11. **Being available to advise the company throughout the process**
12. **Make the AEO aware of the importance to instruct and train employees** to inform the Customs administration and, where applicable, other relevant authorities, whenever a compliance issue arise



What is ASEAN AEO MRA 2025?

AAMRA

- The ASEAN Authorized Economic Operator Mutual Recognition Arrangement (AAMRA) has recently been concluded and signed by all ASEAN Member States.
- To successfully implement the AAMRA, it is vital that all AMS lay the foundations for such success. Across the region, there is huge variance in the level of readiness and preparedness. AMS must adjust their national legislations to meet the MRA requirements.
- Under this plurilateral MRA concept, it is presumed that AEO status granted by the Customs of one partner Member is recognized by the Customs of the other Members. Therefore, businesses could benefit from AEO status across the region without the need for separate MRAs.
- For the pilot phase, physical joint validations were carried out in some AMS to ensure that the AEO program is implemented and provide a more comprehensive picture of the respective AEO programs' detailed information and important evidence.
- As laid down in the AAMRA, only AMS whose AEOs have been validated with satisfactory results by other participating AMS are able to join the ASEAN AEO MRA piloting phase.



Benefits of an AEO Operations Manual

AEO Operations Manual

- The operations manual provides guidance to all AEO staff and certified members, including other interested parties as to how they should comply with their obligations defined in the AEO program
- Having your standard operating procedures documented makes it easier to train new staff and for AEO validators to perform their job
- Establish clear certification requirements for prospective applicants
- Strengthen the coordination between customs authorities and Other Government Agencies
- Good reference material for public outreach
- Updated and improved regularly



Thank you.

